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CHINA

TREATY WITH USSR

Secret Protocols The recently announced treaty between China and the USSR was almost certainly accompanied by secret protocols designed to provide for a stronger Soviet position in the Chinese military organization, in strategic segments of the Chinese economy, and in China's border regions. It is not likely that protracted negotiations would have been necessary to reach agreement on the published text of the treaty.

Military Agreements Unpublished military agreements probably provide for: (1) Soviet assistance to the Chinese Communist ground and naval forces and their embryonic air force; (2) Soviet access to Chinese naval and air bases; (3) the "joint" development of such bases using Soviet equipment and technicians; (4) the exchange of military and technical personnel; and (5) the dispatch of a Soviet military mission to China. The USSR will probably give special attention to the development of the Chinese Communist air arm, which it will be in a position to dominate from the outset; to Chinese Communist service schools; and to the selection of reliable Chinese Stalinists as political and intelligence officers.

Economic Terms In the economic field, the USSR has probably obtained secret rights to maintain its preferred position in Manchuria, establish Soviet trading firms, assign Soviet advisers and technicians to strategic segments of the Chinese economy, extend Soviet air privileges in the border regions and to China proper, and

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engage in preclusive buying of strategic minerals. One economic pact may deal specifically with Sinkiang; an arrangement for the joint development of that province, together with provision for Soviet advisers with the provincial government, would make it unnecessary for the USSR to seek territorial concessions in Sinkiang at this time.

Possible Friction Meanwhile, friction will probably develop between China and the USSR over implementation of the published \$300 million credit agreement. As in the case of similar Soviet credits to the European Satellites, the USSR may use the agreement as a lever to extract concessions from the Chinese. The USSR will not only tend to overrate the value of Soviet goods but may insist on deducting from the credit any costs of technical advisory assistance, on receiving credit for the return of equipment originally obtained in the dismantling of Manchurian industrial installations, and on charging exorbitant transportation costs.

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